



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

July 1, 2005

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY
(SECOND QUARTER 2005)**

In response to the increased level of CRA activity in the County and this office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report, covering activities during the second quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran at (213) 974-1130.

DEJ:MKZ
RTM:nl

Attachment

c: Auditor-Controller
County Counsel

COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Second Quarter 2005 – June 30, 2005

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
First Amendment, Whittier Corridor Project	First	Preliminary Report	May 27, 2005

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
None			

Major Ongoing or Emergent CRA Issues

Glendora (Fifth District)

Issue: Redevelopment Project No. 5 for the Glendora Community Redevelopment Agency would merge the Agency's four existing redevelopment areas in the City, add new territory, and establish the authority to purchase non-residential real property through eminent domain in all five areas. The added area comprises approximately 310 acres.

Status: Staff met with City and advised them that the proposed project area does not appear to meet blighting requirements consistent with Redevelopment Law. City has delayed project adoption pending a compromise with County staff. Staff will continue to work with City and study County impact of any proposals.

Los Angeles (First and Second Districts)

Issue: The City of Los Angeles Community Redevelopment Agency (LACRA) is proposing to merge, extend, and add area to the existing projects in downtown Los Angeles (Central Business District, Bunker Hill, and Little Tokyo). Because the proposal is not consistent with redevelopment law, the City's plan would require special legislation.

Status: County Counsel recently provided staff's detailed analysis of the City's proposal to the Board. In summary, the analysis suggests that the City's proposal would divert billions of dollars from the County General Fund and is legally unsound given the recent Court of Appeals ruling on the CBD project. Staff also has concerns regarding the City's reliance on capital spending, and lack of programmatic funding, to address the homelessness issues in downtown Los Angeles.

Whittier (Fourth District)

Issue: The City of Whittier issued an initial study for the proposed Amendment to the Commercial Corridor Redevelopment Plan. The Amendment would add approximately 218 acres in three sub-areas to the existing project area.

Status: This office reviewed the Agency's Preliminary Report, and concluded it was generally consistent with the blight standards required by redevelopment law. However, staff continues to work with the City regarding the placement of the value of the Nelles School site in the base year of the project when it is transferred from public to private ownership.

Litigation

Los Angeles - City Center (First and Second Districts)

Issue: Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in Downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) Project, which has reached its court-validated project cap.

Status: The County filed a lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. On June 24, 2003, the trial judge issued a final decision invalidating the project. On April 19, 2005 the 2nd District Court of Appeal ruled that the proposed City Center Project can proceed, but cannot include any of the former CBD areas, which comprise the majority of the Project.

Los Angeles - Central Industrial (First and Second Districts)

Issue: The City adopted the Central Industrial Redevelopment Project on November 15, 2002. The project includes approximately 744 acres of primarily industrial areas located in the southeast section of Downtown Los Angeles. Similar to the City Center Project, the Central Industrial Project includes detachment of parcels from the CBD Project.

Status: Similar to City Center, County filed lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD project. On September 19, 2003, the court issued a ruling invalidating the project. The Court of Appeal similarly ruled that the proposed Central Industrial Project can proceed, but cannot include any of the former CBD areas.

Legislation

AB 921

Issue: This bill would allow the term of redevelopment projects to be extended for an additional 25 years to address both market and affordable housing needs, without making a new finding of blight.

Status: Because AB 921 would divert significant property tax revenues from the County, the County's Sacramento advocates are opposing this bill. The committee hearing was postponed.

AB 1330

Issue: This bill would authorize the Los Angeles City Council to designate the Los Angeles Board of Harbor Commissioners as the redevelopment agency for the Los Angeles Harbor District. In addition, AB 1330 contemplates a new redevelopment project by: creating a new definition of blight to fit the current conditions of the Los Angeles Harbor; exempting the Harbor District from environmental impact report (EIR) requirements; shortening plan adoption reporting requirements; and eliminating the prohibition on redevelopment agency use of property tax increment for operations and maintenance expenses (current law restricts the use of agency funds to capital expenses).

Status: AB 1330 would divert significant property tax revenues from the County. Also, AB 1330 eliminates many of the procedural and substantive changes to the redevelopment law enacted by the 1993 Community Reform Act (AB 1290). The Legislature enacted AB 1290 to address abuses including the inappropriate adoption of projects that were not "blighted." The bill did not pass out of committee, but could be brought back after further study.

SB 521

Issue: This bill would change redevelopment law relating to transit villages to: allow local governments to extend the boundaries of a transit village development plan; add the lack of high density development within a transit village development district as an economic condition that causes blight; and require the California Infrastructure and Economic Development Bank to make a finding whether the proposed project is consistent with the requirements of redevelopment law.

Status: Because SB 521 weakens the reforms of AB 1290 by adding new criteria that would allow transit village boundaries to be extended and the definition of blight to be expanded, the County's Sacramento advocates are opposing this bill. The bill passed the Senate, and moved to the Assembly committee on local government.

Overall CRA Statistics

Active CRA Projects	311
Pending CRA Projects	15